Revised 5-13-16 by Department of Revenue

CSHB247(RLS) \C

Provisions in CSHB 247 (RLS) and their Estimated Fiscal Impact as compared to Spring 2016 Forecast ($millions) - FORECAST PRICE[1]

Note: this table attempts to value the impact of each of the items independently, except where noted. In some cases, the total value of several impacts will not equal the sum of the individual impact values.

Brief Description of Provision - Includes only provisions anticipated to have a direct fiscal impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1. Cook Inlet changes: The QCE credit is eliminated 1/1/17. The well lease expenditure credit is reduced to 20% on 1/1/17 but then eliminated on 1/1/19. The net operating loss credit is eliminated effective 1/1/18.	$0	$0-$5	$5-$10	$10-$15	$10-$15	$30-$40	$30-$40	$30-$40	$30-$40
2. North Slope changes: The net operating loss credit for North Slope is eliminated effective 1/1/17; lease expenditures not used in a calendar year may be carried forward effective 1/1/17; 3-year transition period for refunds at 35% of loss for companies with less than 15,000 barrels per day of production, or with no production but under a DNR approved plan of exploration or development. GVR cannot be used to create or increase a net operating loss.	$0	$0	$0	$60-$80	$60-$80	$60-$80	$40-$60	$40-$60	($10)-$0
3. GVR-eligible production qualifies for the GVR for a period of 10 years or until 1/1/26.	$0	$0	$0	$0	$0	$0	$0	$0	$0
4. The interest rate on delinquent taxes is changed to 5% above the Fed Res Discount rate, compounded quarterly	Indeterminate								
5. A tax exempt entity may earn credits applicable to only those lease expenditures subject to tax	Indeterminate								
Total Revenue Impact	**$0**	**$0 to $5**	**$5 to $10**	**$70 to $95**	**$70 to $95**	**$90 to $120**	**$70 to $100**	**$70 to $100**	**$20 to $40**
A. Budget impact of change in net operating loss credits, and QCE/WLE credits for Cook Inlet (provision 1 above)	$0-$10	$25-$35	$40-$50	$40-$50	$100-$125	$100-$125	$75-$100	$75-$100	$75-$100
B. Budget impact of change in net operating loss credits, lease expenditures applicability, and GVR calculation for North Slope (provision 2 above)	$0	$10-$20	$25-$35	$40-$50	$100-$125	$100-$125	$125-$150	$125-$150	$125-$150
C. Budget impact of exploration credit extension in Copper River Basin for well spudded by 1/1/17.	($5)-$0	($5)-$0	$0	$0	$0	$0	$0	$0	$0
D. Budget impact of GVR applying to fields for a period of 10 years (provision 3 above)	$0	$0	$0	$0	$0	$0	$0	$0	$0
E. Budget impact of limiting refunds to $75 million per company per year (only shifts timing of refunds - impact is after all other provisions of bill)	No impact under forecast when combined with other provisions of bill.								
Total Budget Impact	**($5) to $10**	**$30 to $55**	**$65 to $85**	**$80 to $100**	**$200 to $250**	**$200 to $250**	**$200 to $250**	**$200 to $250**	**$200 to $250**
Total Fiscal Impact - does not include revenue impacts from potential changes in investment[2]	**($5) to $10**	**$30 to $60**	**$70 to $95**	**$150 to $195**	**$270 to $345**	**$290 to $370**	**$270 to $350**	**$270 to $350**	**$220 to $290**

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Non-refundable carry-forward credits balance at fiscal year end - current law[3]	$618	$751	$732	$585	$265	$136	$59	$0	$0
Non-refundable carry-forward credits balance (or equivalent) at fiscal year end - proposed[3]	$610	$720	$655	$670	$610	$600	$605	$640	$685
Change in year-end balance due to bill	**-$8**	**-$31**	**-$77**	**$85**	**$345**	**$464**	**$546**	**$640**	**$685**

[1]The impacts listed are based on production and prices and company investment as forecasted in DOR's Spring 2016 revenue forecast. The forecasted oil prices are between $38.89 and $65.90.

[2]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts.

[3]These rows include estimates of carried-forward credits, and carried-forward lease expenditures, for previous calendar years, plus estimates of credits and carried-forward lease expenditures that will be earned on activity through June 30 of the fiscal year. For carried-forward lease expenditures, the balance shown is the credit-equivalent value of those expenditures assuming a 35% tax rate (for example, $100 million of carried-forward lease expenditures equate to $35 million of credits).

NOTE: The fiscal impact of this bill is an estimate based on the Spring 2016 revenue forecast. Estimates shown here are draft / preliminary based on our interpretation of possible changes. We reserve the right to make modifications to estimates for any forthcoming fiscal notes.

Revised 5-13-16 by Department of Revenue

Seaton Wilson amendment to CSHB247(RLS) \C

Provisions in Seaton Wilson amendment to CSHB247(RLS) and their Estimated Fiscal Impact as compared to Spring 2016 Forecast ($millions) - FORECAST PRICE[1]

Note: this table attempts to value the impact of each of the items independently, except where noted. In some cases, the total value of several impacts will not equal the sum of the individual impact values.

Brief Description of Provision - Includes only provisions anticipated to have a direct fiscal impact	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1. The QCE credits for Cook Inlet eliminated 7/1/16; the well lease exp credits for Cook Inlet are reduced to 20% on 1/1/17, then eliminated 1/1/18; the NOL credits for Cook Inlet remain at 25% until they are eliminated 1/1/18. Credits are eligible in 2017 and beyond only to companies with production prior to 1/1/17.	$0	$0-$10	$10-$15	$10-$15	$10-$15	$30-$40	$30-$40	$30-$40	$30-$40
2. Cook Inlet tax caps sunset on 1/1/19, replaced by 35% net tax on oil and 13% gross tax on gas (no GVR or per-taxable-barrel credits). (represents additional revenue to provision #1).	$0	$0	$25-$50	$75-$125	$75-$125	$50-$100	$0	$0	$0
3. For North Slope companies with >15,000 b/d, NOL credit eliminated on 1/1/17; credits earned in 2016 can be carried forward to be used against tax liability	$0	$0	$0	$50-$75	$150-$175	$125-$150	$75-$100	$75-$100	$0
4. For North Slope companies with <15,000 b/d, NOL credit rate changed to 32% on 1/1/17, 29% on 1/1/19, 26% on 1/1/21, and 25% on 1/1/2023	$0	$0	$0	$0	$0	$0	$0	$0	$0
5. The minimum tax rate is expanded to include one more bracket, with a minimum tax of 5%, when oil prices are $70 and above.	Not triggered based on forecast prices								
6. The interest rate on delinquent taxes is changed to 5% above the Fed Res Discount rate, compounded quarterly	Indeterminate								
7. The GVR cannot be used to create or increase a net operating loss	$0	$0	$0	$0	$0	$5-$15	$5-$15	$5-$15	$0
8. GVR-eligible production qualifies for the GVR for a period of 7 years; benefit ends early if average ANS price exceeds $70 for any 3 years of production.	$0	$0	$0	$0	$0	$0	$0-$10	$10-$20	$10-$20
9. GVPP cannot be less than zero	Indeterminate								
10. A tax exempt entity may earn credits applicable to only those lease expenditures subject to tax	Indeterminate								
11. No true-up of sliding scale per-taxable-barrel credits on annual return	No impact at forecast price - could benefit State under volatile prices								
12. Companies with over 15,000 b/d production can write off losses against a Corporate Income Tax liability	Indeterminate								
Total Revenue Impact	**$0**	**$0 to $10**	**$35 to $65**	**$135 to $215**	**$235 to $315**	**$210 to $305**	**$110 to $165**	**$120 to $175**	**$40 to $60**
A. Budget impact of changes to Cook Inlet credits (provision 1 above)	$10-$25	$40-$60	$40-$60	$40-$60	$75-$100	$75-$100	$75-$100	$75-$100	$75-$100
B. Budget impact of changes to tax caps for Cook Inlet (provision 2 above)	$0	$0	$0	$0	$0	$0	$0	$0	$0
C. Budget impact of changes to North Slope credits (provision 3 and 4 above)	$0	$10-$20	$25-$45	$25-$45	$25-$45	$25-$45	$25-$45	$25-$45	$25-$45
D. Budget impact of limiting refunds to $70 million per company per year (only shifts timing of refunds - impact is after all other provisions of bill)	Limited impact under forecast - net neutral between FY18-19-20								
E. The GVR cannot be used to create or increase a net operating loss (provision 7 above)	$0	$10-$20	$20-$30	$15-$25	$5-$15	$0-$10	$0-$10	$0-$10	$0-$10
F. Budget impact of exploration credit extension for well spudded by 7/1/16	($5)-$0	($5)-$0	$0	$0	$0	$0	$0	$0	$0
G. Budget impact of GVR applying to fields for a period of 7 years or less (provision 8 above)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Budget Impact[2]	**$5-$25**	**$55-$100**	**$85-$135**	**$80-$130**	**$105-$160**	**$100-$155**	**$100-$155**	**$100-$155**	**$100-$155**
Total Fiscal Impact - does not include revenue impacts from potential changes in investment[3]	**$5-$25**	**$55-$110**	**$120-$200**	**$215-$345**	**$340-$475**	**$310-$460**	**$210-$320**	**$220-$330**	**$140-$215**

Non-refundable carry-forward credits balance at fiscal year end - current law[4]	$618	$751	$732	$585	$265	$136	$59	$0	$0
Non-refundable carry-forward credits balance at fiscal year end - proposed[4]	$432	$280	$118	$69	$0	$0	$0	$0	$0
Change in year-end balance due to bill	**-$186**	**-$471**	**-$614**	**-$516**	**-$265**	**-$136**	**-$59**	**$0**	**$0**

[1]The impacts listed are based on production and prices as forecasted in DOR's Spring 2016 revenue forecast. The forecasted oil prices are between $38.89 and $61.64.

[1]This proposal stipulates that credits can only be earned for expenditures to carry out a DNR approved Plan of Development; our analysis assumes that all expenditures in forecast would qualify.

[3]NOTE: "Total Fiscal Impact" includes best estimates of both revenue and operating budget impacts.

[4]These rows include estimates of carried-forward credits for previous calendar years, plus estimates of credits that will be earned on activity through June 30 of the fiscal year.

NOTE: The fiscal impact of this bill is an estimate based on the Spring 2016 revenue forecast. Estimates shown here are draft / preliminary based on our interpretation of possible changes. We reserve the right to make modifications to estimates for any forthcoming fiscal notes.